No. 03-1615

Supreme Court, U.S.
FILED
JUL - 6 2004
OFFICE OF THE CLERK

In The

Supreme Court of the United States

PHILIP R. MCNEIL,

Petitioner,

v.

VERISIGN, INC.
and
THE STANLEY WORKS,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

BRIEF IN OPPOSITION

JAMES H. HULME
Counsel of Record
ARENT FOX PLLC
1050 Connecticut Ave., N.W.
Washington, DC 20036-5339
(202) 857-6000

Counsel for Respondent The Stanley Works

COCKLE LAW BRIEF PRINTING CO (800) 225-6964
OR CALL COLLECT (402) 342-2831

QUESTION PRESENTED

Petitioner Philip R. McNeil previously sued Respondent The Stanley Works on the same grounds alleged in this litigation. In the first case, the district court dismissed on *forum non conveniens* and abstention. That decision was affirmed by a unanimous Ninth Circuit panel, and no appeal was taken. This lawsuit was filed five months later, raising the same claims before the same court. The district court again dismissed, this time on collateral estoppel. The Ninth Circuit summarily affirmed, and this Petition followed. Under these circumstances, only one question could properly be raised by petition:

Did the Ninth Circuit err when it affirmed the district court's order dismissing the complaint on collateral estoppel grounds?

CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, Respondent The Stanley Works makes the following disclosure. The Stanley Works is a nongovernmental corporation. It has no parent corporation. Citibank Corporation is the only publicly held company that owns 10% or more of The Stanley Works's stock.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
CORPORATE DISCLOSURE STATEMENT	ii
TABLE OF CONTENTS	iii
TABLE OF AUTHORITIES	iv
STATEMENT OF THE CASE	1
ARGUMENT	4
I. McNeil's Petition Only Raises Issues that Were Not Addressed by the Courts Below	4
II. The Sole Issue Addressed by the Lower Courts Is Not Worthy of *Certiorari*	5
CONCLUSION	8

TABLE OF AUTHORITIES

Page

FEDERAL CASES

De Aguilar v. Boeing Co., 11 F.3d 55 (5th Cir. 1993) 7

Montana v. United States, 440 U.S. 147 (1979) 6

Offshore Sportswear, Inc. v. Vuarnet Int'l, B.V., 114 F.3d 848 (9th Cir. 1997) 6, 7

Seguros Comercial Americas S.A. De C.V. v. Am. President Lines, Ltd., 933 F. Supp. 1301 (S.D. Tex. 1996) 7

Taylor v. Freeland & Kronz, 503 U.S. 638 (1992) 4

Youakim v. Miller, 425 U.S. 231 (1976) 4

MISCELLANEOUS

18A Charles A. Wright, *et al.*, Federal Practice and Procedure § 4436 (2002) 7

STATEMENT OF THE CASE

Petitioner Philip R. McNeil ("McNeil") is a Canadian citizen and disgruntled former distributor of automotive tools for the Mac Tools division of Respondent The Stanley Works ("Stanley Works"). App. 32, 34. After his Mac Tools distributorship was cancelled for violations of the distribution agreement, McNeil registered a Canadian website – www.mactools.ab.ca – where he began posting defamatory information about Stanley Works. In addition, McNeil registered eight other domain names that included the name Stanley (the "Stanley domains") and linked them to his Canadian website. App. 39. McNeil registered the Stanley domains in the United States through Respondent Verisign, Inc. ("Verisign") via procedures established by the Internet Corporation for Assigned Names and Numbers ("ICANN"). App. 39, 48.

Seeking to protect its name, trademarks and reputation, Stanley Works sued McNeil in Canada to ascertain its rights with regard to the www.mactools.ab.ca domain and to stop McNeil's related unlawful conduct. App. 61. That litigation is still pending. App. 13. Stanley Works also commenced legal action in the United States under ICANN's Uniform Dispute Resolution Policy ("UDRP"). The UDRP proceeding was launched to determine Stanley Works's rights with regard to two of the Stanley domains: thestanleyworks.net and stanleyworks.net. App. 26. Stanley Works prevailed on the merits in the UDRP proceeding, and the arbitrator ordered McNeil to relinquish the two domain names. App. 49.

McNeil challenged the arbitrator's ruling by commencing suit ("*McNeil I*") in the Northern District of California. App. 32. Among other things, the complaint in

McNeil I alleged that Stanley Works had defrauded McNeil into investing in, and operating, the mobile tool distributorship, App. 34-35, and that Stanley Works had commenced the Canada litigation to "destroy" McNeil, "conceal the truth," and "illegally interfere with, and damage, Plaintiff's civil rights, including his freedom of expression on the Internet," App. 30. Based on these allegations, the Complaint stated five separate causes of action. Count I sought declaratory judgment that McNeil was the "lawful owner" of the Stanley domains. App. 39-40. Count II sought to enjoin Stanley Works from litigating to recover the Stanley domains or otherwise interfering with McNeil's "right to own and use the names in furtherance of fundamental freedoms." App. 40. Counts III through V asserted claims of "Malicious Abuse of Process," "Denial of Fundamental Rights Pursuant to 42 USCA § 1983," and "Intentional Infliction of Emotional Distress." App. 40-43.

The district court ultimately dismissed the entire complaint in *McNeil I* on a variety of grounds, most significantly for purposes of this Petition, under the doctrine of *forum non conveniens*. App. 25, 28. Specifically, the court concluded that the Canada litigation provided an "available alternative forum," and that both private and public interest factors weighed "heavily on the side of dismissal." App. 28, 29. McNeil appealed the decision to the Ninth Circuit, which, on April 10, 2002, unanimously affirmed "on the basis of *forum non conveniens*." App. 19. McNeil did not appeal the Ninth Circuit's judgment, thereby permitting it to become final.

Approximately five months later, McNeil refiled his complaint in the Northern District of California. App. 45. This second proceeding ("*McNeil II*") was engendered by

McNeil's loss in another UDRP proceeding that Stanley Works had commenced with regard to four more of the Stanley domains. App. 50. McNeil tried to differentiate the new complaint by couching his arguments in different terms and adding Verisign and ICANN as parties. Nevertheless, for all practical purposes – especially as concerning Stanley Works – the two complaints were identical, with the two counts in *McNeil II* mirroring the first two counts from *McNeil I*. *Compare* App. 58-59 *with* App. 39-40.

The district court agreed that *McNeil II* was merely an attempt to relitigate the loss in *McNeil I*. Thus, on August 26, 2003, the court dismissed the re-filed complaint as barred by collateral estoppel. App. 2. The court concluded:

> The issue of *forum non conveniens* has not changed in any respect between plaintiff's first complaint and the action now before this court. Nowhere in the instant complaint does plaintiff allege any new claim against Stanley, nor does he introduce any new evidence that might support a finding by this court that differs in any way from the initial dismissal based on *forum non conveniens*. In fact, plaintiff concedes that the litigation in Canada – an important factor in this court's original finding of *forum non conveniens* – has not yet been concluded. This court's finding of *forum non conveniens* was affirmed by the Ninth Circuit in 2000.... Furthermore, plaintiff's claims against Verisign and ICANN are wholly without merit and add nothing to his action against Stanley. Clearly, the issue of *forum non conveniens* has been fully litigated and cannot be repeated in the instant action.

App. 13-14. McNeil again appealed to the Ninth Circuit, which summarily affirmed the decision below, finding the questions raised on appeal to be "so insubstantial as not to require further argument." App. 1. This Petition to the United States Supreme Court followed.

ARGUMENT

The Court should deny McNeil's Petition for two reasons. First, the questions presented in the Petition all raise issues that were never addressed by the court of appeals or the district court. Second, the only question that properly could be raised – *i.e.*, whether collateral estoppel was correctly applied – is not worthy of *certiorari*. The decision below was obviously correct, and reviewing it has no implications beyond the facts of this case. For these reasons, Stanley Works respectfully requests the Court to deny the Petition.

I. McNeil's Petition Only Raises Issues that Were Not Addressed by the Courts Below.

Typically, this Court does not decide questions "not raised or resolved in the lower court." *Youakim v. Miller*, 425 U.S. 231, 234 (1976); *Taylor v. Freeland & Kronz*, 503 U.S. 638, 646 (1992). Indeed, it is only in "exceptional" circumstances that questions not addressed below may be reviewed. *Youakim*, 425 U.S. at 234. In this case, the questions raised in McNeil's Petition were not addressed below, and no exceptional circumstances exist that would warrant evaluation by this Court.

McNeil presents seven questions in his Petition to the Court. Only the first six are relevant to Stanley Works. Of

those, the majority seek review of issues related to forum selection. The remaining questions concern whether McNeil has the right to sue under the federal Lanham Act, 15 U.S.C. § 1051 *et seq.* None of these issues, however, were ever addressed, to any extent, by either of the courts below. Indeed, the district court, on motion to dismiss, promptly held that McNeil's claims were collaterally estopped by the holding in *McNeil I*. The Ninth Circuit summarily affirmed. Because none of the questions presented in the Petition were addressed below, there is no record on which the Court could review them.[1] Furthermore, the only issue that could be raised on appeal – *i.e.*, the suitability of collateral estoppel – is not one of the questions presented. For these reasons, the Court should deny the Petition without further consideration.

II. The Sole Issue Addressed by the Lower Courts Is Not Worthy of *Certiorari*.

Even if the Court determines that the issue of collateral estoppel has been properly raised, the Petition should still be denied. The reasoning applied by the courts below was sound, with no repercussions beyond the facts of this case. No constitutional errors are implicated, no conflicts among courts exist, and no novel or complex questions of law are at stake. Rather, the rulings below clearly comprised proper application of the estoppel doctrine.

---

[1] This point is significant, because McNeil's Petition is replete with factual allegations that are disputed by Stanley Works. Insofar as none of these allegations have been reviewed and adopted by a finder of fact, there is no basis on which this Court could make the determinations sought by McNeil.

The estoppel doctrine provides that "once an issue is actually and necessarily determined by a court of competent jurisdiction, that determination is conclusive in subsequent suits based on a different cause of action involving a party to the prior litigation." *Montana v. United States*, 440 U.S. 147, 153 (1979). Numerous courts applying this doctrine to facts analogous to those at issue in this case have all reached the same conclusion: a party whose action has been dismissed for *forum non conveniens* may not refile and relitigate that issue in the same court with regard to the same claims.

The Ninth Circuit's ruling in *Offshore Sportswear, Inc. v. Vuarnet Int'l, B.V.*, 114 F.3d 848 (9th Cir. 1997), is instructive. The dispute in *Offshore* arose, in part, from a licensing agreement that had a mandatory forum selection clause creating exclusive venue in Switzerland. The district court dismissed the litigation based on that provision. *Id.* at 849. In an attempt to keep the litigation in the United States, the plaintiffs filed another action in state court based on the same underlying facts, but with modified causes of action. *Id.* The defendants nonetheless removed the new action to federal court and filed a motion to dismiss. *Id.* at 849-50. Finding that the two cases were substantially the same, the district court dismissed on grounds of issue preclusion. *Id.* at 850.

On appeal, the Ninth Circuit affirmed, noting that if the plaintiffs had wanted to challenge the dismissal for improper forum, they should have filed an appeal in the original action. *Id.* at 851. Failure to do so left them subject to issue preclusion. *Id.* Indeed, the court noted that the forum selection issue was "critical to dismissal of the original action," was "adjudicated on *its* merits," and "conclusively determined when the time passed for appeal." *Id.*

(emphasis in original). "Having failed to appeal" the first time around, the plaintiff was barred from relitigating the forum selection issue with respect to the same claims. *Id.*

Other courts addressing this issue in the same context are all in agreement. *See, e.g., De Aguilar v. Boeing Co.*, 11 F.3d 55, 58-59 (5th Cir. 1993) (dismissal in one district court based on *forum non conveniens* precluded relitigation of that issue in another district court where there was no material change in underlying considerations); *Seguros Comercial Americas S.A. De C.V. v. Am. President Lines, Ltd.*, 933 F. Supp. 1301, 1306 (S.D. Tex. 1996) (same). *See also* 18A Charles A. Wright, *et al.*, Federal Practice and Procedure § 4436, at 149-50 (2002) (dismissal on *forum non conveniens* works issue preclusion as to same issues raised in the same court). No contrary decisions have been located.

Based on these authorities, it is clear that the Ninth Circuit and district court below properly applied the doctrine of collateral estoppel to the facts of this case. The complaint in *McNeil I* sought declaratory and injunctive relief sustaining McNeil's rights to use the Stanley domains. Although the Ninth Circuit conclusively held that venue was improper in California, McNeil commenced this second case – again seeking declaratory and injunctive relief as to the Stanley domains – in the same court. The issue of proper forum, however, had already been decided. He thus could not simply refile the same litigation hoping to get a different result.

In short, even if McNeil is deemed to have raised the collateral estoppel issue, the doctrine was properly applied below and there are no issues that warrant

certiorari. Thus, for these reasons as well, the Petition should be denied.

CONCLUSION

The Ninth Circuit decided only one issue in this case: whether collateral estoppel barred McNeil from renewing claims that previously had been dismissed for *forum non conveniens*. The Petition, however, does not even raise that issue, instead seeking review of the prior litigation or substantive claims that have never been addressed. Furthermore, the decision below was correct, and no merit exists in granting review. Accordingly, the Petition should be denied.

Respectfully submitted,

JAMES H. HULME, Esq.
Counsel of Record
WILLIAM E. MARAMES, Esq.
ERIC S. BAXTER, Esq.
ARENT FOX PLLC
1050 Connecticut Ave., N.W.
Washington, DC 20036-5339
(202) 857-6000
Counsel for Respondent
The Stanley Works